

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1360 be amended to read as follows:

- 1 Page 14, delete lines 30 through 42, begin a new paragraph and
- 2 insert:
- 3 "SECTION 13. IC 8-1-35 IS ADDED TO THE INDIANA CODE
- 4 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 5 UPON PASSAGE]:
- 6 **Chapter 35. Renewable Energy Development**
- 7 **Sec. 1. As used in this chapter, "electricity supplier" means a**
- 8 **public utility (as defined in IC 8-1-2-1) that furnishes retail electric**
- 9 **service to the public. The term does not include a public utility that**
- 10 **is:**
- 11 **(1) a corporation organized under IC 8-1-13;**
- 12 **(2) a corporation organized under IC 23-17 that is an electric**
- 13 **cooperative and that has at least one (1) member that is a**
- 14 **corporation organized under IC 8-1-13; or**
- 15 **(3) a municipally owned utility (as defined in IC 8-1-2-1(h)).**
- 16 **Sec. 2. As used in this chapter, "energy efficiency measures"**
- 17 **means:**
- 18 **(1) the use of a device, method, or project implemented by an**
- 19 **electricity consumer that reduces electrical energy usage; or**
- 20 **(2) improvements that:**
- 21 **(A) increase the efficiency of transmission and distribution**
- 22 **systems used to transmit electricity from the source to the**
- 23 **end user; and**
- 24 **(B) reduce the loss of electricity during transmission.**
- 25 **Sec. 3. As used in this chapter, "renewable energy credit", or**
- 26 **"REC", means a tradable commodity equivalent to one (1)**
- 27 **megawatt hour of electricity generated by renewable energy**
- 28 **resources in an Indiana facility.**
- 29 **Sec. 4. (a) As used in this chapter, "renewable energy resources"**
- 30 **includes the following sources for the production of electricity:**
- 31 **(1) Solar.**

(2) Wind.

(3) Microhydroelectrical facilities.

(4) Microturbines using renewable fuels, as determined by the commission.

(5) Fuel cells using renewable fuels, as determined by the commission.

(6) Dedicated crops grown for energy production.

(7) Methane from anaerobic digestion and municipal solid waste.

(8) Agricultural crop waste.

(9) Energy efficiency measures installed after January 1, 2009.

(10) Electricity generated through net metering.

(b) Except as provided in subsection (a)(7) and (a)(8), the term does not include energy from the incineration, burning, or heating of garbage or waste.

Sec. 5. Each electricity supplier shall supply electricity generated or reduced by renewable energy resources to Indiana customers as a percentage of the total electricity supplied by the electricity supplier to Indiana customers as follows:

(1) Not later than December 31, 2015, at least five percent (5%).

(2) Not later than December 31, 2020, at least ten percent (10%).

(3) Not later than December 31, 2025, at least fifteen percent (15%).

For purposes of this section, electricity is measured in megawatt hours.

Sec. 6. (a) An electricity supplier may use a renewable energy resource described in section 4(a)(9) of this chapter to generate not more than thirty percent (30%) of the electricity that the electricity supplier is required to supply under section 5 of this chapter.

(b) An electricity supplier may own, generate, purchase, or trade RECs to comply with section 5 of this chapter.

(c) The commission shall determine and impose penalties for an electricity supplier that fails to comply with section 5 of this chapter.

Sec. 7. (a) An electricity supplier is not required to comply with section 5 of this chapter if the commission determines that events beyond the reasonable control of the electricity supplier prevent it from meeting its renewable energy resources or REC requirements.

(b) The commission shall conduct a public hearing before making a determination under subsection (a).

(c) The commission shall review a determination made under subsection (a) not more than six (6) months after the date on which the determination is made. Upon its review, the commission may:

(1) allow its determination to remain in effect; or

(2) require the electricity supplier to comply with section 5 of this chapter.

If the commission allows its determination to remain in effect, it shall review the determination not more than six (6) months after the date of the most recent review.

Sec. 8. (a) For purposes of calculating RECs to determine an electricity supplier's compliance with section 5 of this chapter, the following apply:

(1) One (1) megawatt hour of electricity generated by renewable energy resources in an Indiana facility equals one (1) REC.

(2) One (1) megawatt hour of electricity that is generated by a renewable energy resource described in section 4(a)(1), 4(a)(7), or 4(a)(10) of this chapter and that originates in Indiana equals two (2) RECs.

(3) One (1) megawatt hour of electricity that is generated by a renewable energy resource described in section 4(a)(6) or 4(a)(8) of this chapter and that originates in Indiana equals one and two-tenths (1.2) RECs.

(b) An REC calculated under this section shall be increased as follows:

(1) An REC that is:

(A) generated and made available during periods of peak demand; or

(B) stored and made available during periods of peak demand;

is increased by two-tenths (0.2) REC.

(2) An REC that is:

(A) generated during periods of nonpeak demand; and

(B) stored and made available during periods of peak demand;

is increased by two-tenths (0.2) REC.

(3) An REC that is generated using equipment made in Indiana, as determined by the commission, is increased by one-tenth (0.1) REC.

(4) An REC that is generated in a facility constructed by Indiana workers, as determined by the commission, is increased by one-tenth (0.1) REC.

Sec. 9. Not later than March 1, 2011, and each year thereafter, a utility shall file with the commission a report of the utility's compliance with this chapter for the preceding calendar year.

Sec. 10. (a) The commission shall allow an electricity supplier to recover the following costs under the schedule set forth in subsection (b):

(1) Reasonable and necessary costs incurred in:

(A) constructing, operating, or maintaining facilities to comply with this chapter; or

(B) generating electricity from, or purchasing electricity

generated from, a renewable energy resource;
by a periodic rate adjustment mechanism.

(2) Up to one million dollars (\$1,000,000) each year for expenditures related to alternative or renewable energy research that is conducted in Indiana.

(b) The commission shall limit the total increase per customer account per billing cycle for costs recovered under subsection (a) to one percent (1%) of a customer's overall electric bill.

Sec. 11. The commission shall adopt rules under IC 4-22-2 to implement this chapter, including rules to establish a program for the certification and trading of RECs to comply with section 5 of this chapter."

Delete pages 15 through 19.

Page 20, delete lines 1 through 17.

Page 22, delete lines 6 through 42, begin a new paragraph and insert:

"SECTION 15. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "commission" refers to the Indiana utility regulatory commission created by IC 8-1-1-2.

(b) Subject to subsections (c) and (d) and not later than July 1, 2009, the commission shall adopt rules to amend the net metering and interconnection rules adopted by the commission and codified at 170 IAC 4-4.2. The commission shall adopt the rules required by this subsection in the same manner as emergency rules are adopted under IC 4-22-2-37.1. The rules adopted by the commission under this subsection must do the following:

(1) Require an electric utility to offer net metering to at least the following customer classes:

(A) Residential customers.

(B) Commercial customers.

(C) Industrial customers.

(D) Agricultural customers.

(E) Local governments.

(F) The state.

(G) Kindergarten through grade 12 schools.

(H) Postsecondary educational institutions (as described in IC 6-3-3-5).

(2) Allow a net metering customer to interconnect a generating facility with a nameplate capacity of one (1) megawatt or less to a distribution facility of an electric utility.

(3) Allow a net metering customer to interconnect a facility that generates electricity through any of the following technologies:

(A) Solar.

(B) Wind.

(C) Microhydroelectrical facilities.

(D) Microturbines using renewable fuels.

(E) Fuel cells using renewable fuels.

1 (F) Biogas, including anaerobic digestion.

2 (G) Methane gas from landfills.

3 (c) Rules adopted under subsection (b) expire on:

4 (1) the date the commission adopts rules under IC 4-22-2-24
5 through IC 4-22-2-36; or

6 (2) January 1, 2011;

7 whichever is earlier.

8 (d) Not later than June 1, 2009, the commission shall evaluate
9 the net metering and interconnection rules adopted by the
10 commission and codified at 170 IAC 4-4.2 for compliance with the
11 requirements set forth in subsection (b). A rule that:

12 (1) is adopted by the commission and codified at 170
13 IAC 4-4.2; and

14 (2) does not meet the requirements set forth in subsection (b);
15 is void. Not later than June 15, 2009, the commission shall notify
16 the publisher of the Indiana Administrative Code and Indiana
17 Register of any rules codified at 170 IAC 4-4.2 that are void under
18 this subsection. The publisher shall remove the rules that are void
19 under this subsection from the Indiana Administrative Code.

20 (e) Not later than November 1, 2009, the commission shall
21 report to the regulatory flexibility committee established by
22 IC 8-1-2.6-4 on the commission's progress under subsection (c)(1)
23 in finally adopting, under IC 4-22-2-24 through IC 4-22-2-36, the
24 emergency rules initially adopted by the commission under
25 subsection (b).

26 (f) For purposes of subsection (b)(1), "electric utility" does not
27 include the following:

28 (1) A corporation organized under IC 8-1-13.

29 (2) A corporation organized under IC 23-17-1 that is an
30 electric cooperative and that has at least one (1) member that
31 is a corporation organized under IC 8-1-13.

32 (3) A municipally owned utility (as defined in IC 8-1-2-1(h)).

33 (g) This SECTION expires January 1, 2011."

34 Delete page 23.

35 Page 24, delete lines 1 through 10.

36 Page 28, between lines 3 and 4, begin a new paragraph and insert:

37 "SECTION 17. [EFFECTIVE UPON PASSAGE] (a) Not later than
38 April 1, 2014, the Indiana utility regulatory commission shall
39 submit a report in an electronic format under IC 5-14-6 to the
40 general assembly. A report submitted under this SECTION must
41 include:

42 (1) an analysis of; and

43 (2) any legislative proposals the commission believes would
44 increase;

45 the effectiveness of and industry compliance with IC 8-1-35, as
46 added by this act.

47 (b) This SECTION expires April 2, 2014."

48 Renumber all SECTIONS consecutively.

(Reference is to EHB 1360 as printed April 10, 2009.)

Senator ERRINGTON